

Message Text

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ACTION INR-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 NSAE-00 PM-05 NSC-05
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R 061132Z MAR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3806
SECDEF WASHDC
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DEFENSE FOR OASD/ISA, DSAA AND PP/NSC AFFAIRS

E. O. 11652: XGDS-1
TAGS: UK MASS PCAT MARR
SUBJECT: INFORMATION NEEDS ON WEST EUROPEAN
CONVENTIONAL ARMS TRANSFERS TO THIRD WORLD

REF: A) STATE 45364; B) STATE 257011 (OCT 77)

SUMMARY: THERE CAN BE LITTLE DOUBT THAT WHITEHALL
RECOGNIZES, AS A GENERAL PROPOSITION, THE GROWING
IMPORTANCE OF RESTRAINING ARMS SALES TO DEVELOPING
COUNTRIES THAT CAN ILL AFFORD THEM. WE BELIEVE THAT
THE US CAN EXPECT OVERALL SUPPORT FROM HMG IN OUR
ATTEMPTS TO BRAKE SPIRALING CONVENTIONAL ARMS SALES.
HOWEVER, THE BRITISH GOVERNMENT VIEWS WITH CONSIDERABLE
SKEPTICISM THE LIKELIHOOD THAT EFFECTIVE AND EQUITABLE
CONTROLS OVER ARMS SALES CAN EASILY OR QUICKLY BE
ACHIEVED. BRITISH ARMS SALES POLICY IS PRAGMATIC AND
ECONOMIC CONSIDERATIONSTEND TO DRIVE POLICY. FOR
BRITISH SUPPORT OF OUR POLICY,
WE BELIEVE IT WILL BE ESSENTIAL TO
CONVINCE LONDON THAT WE CAN COALESCE SIGNIFICANT MULTI-
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LATERAL COOPERATION' ESPECIALLY AMONG MAJOR ARMS
EXPORTERS. WHILE LONDON WILL RESIST TAKING THE LEAD
AND SETTING AN EXAMPLE THROUGH ACTS OF SELF-
DENIAL, WE BELIEVE HMG WILL GIVE SOLID SUPPORT AS WELL
AS PLAY A CONSTRUCTIVE ROLE IN OUR EFFORTS TO GET
MULTINATIONAL AGREEMENT ON THE GUIDELINES FOR RESTRAINT
FIRMLY ESTABLISHED. END SUMMARY.

1. IN ACCORDANCE WITH REQUEST MADE IN REFTTEL A, WE
ARE ANSWERING QUESTION 2B OF REFTTEL B.

A. DISCERNIBLE REACTION TO NEW US POLICY--

AT THE POLITICAL LEVEL THERE IS INCREASING
CONCERN AT THE GROWTH OF MILITARY EXPENDITURE WORLDWIDE
WITH THE CONCOMITANT HIGH LEVEL OF CONVENTIONAL
ARMS TRANSFERS, ESPECIALLY TO THIRD WORLD COUNTRIES.
THIS CONCERN ALSO IS VOICED BY A FAIR NUMBER OF MIDDLE-TO-
LEFT-WING LABOR MEMBERS OF PARLIAMENT WHO, OVER THE
YEARS, HAVE BEEN VOCIFEROUSLY CRITICAL OF WHAT THEY
PERCEIVE AS A "LACK OF CONTROL" BY HMG OVER THE UK'S
MILITARY EXPORT SALES. WHILE IN
GENERAL THE US POLICY OF TRYING TO MOVE TOWARD RESTRAINT
IS APPLAUDED, KNOWLEDGEABLE MOD AND FCO OFFICIALS
TEMPER APPROVAL
WITH VARYING DEGREES OF RESERVATIONS. THE PRINCIPAL
UK CONCERN APPEARS TO REVOLVE AROUND SKEPTICISM THAT
EQUITABLE AND EFFECTIVE MULTINATIONAL CONTROLS OVER
ARMS SALES CAN QUICKLY OR EASILY BE ACHIEVED. WHILE
THERE IS SYMPATHY WITH US DESIRE TO REDUCE THE
LEVEL OF CONVENTIONAL ARMS SALES, OFFICIALS EXPRESS
AT THE SAME TIME REAL DOUBT THAT A US POLICY OF
RESTRAINT CAN BE PURSUED WITHOUT THE NEED TO MAKE
"MANY EXCEPTIONS" TO DECLARED POLICY.. NONETHELESS
WE CAN EXPECT--AND WE WILL GET-- SUPPORT FROM
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BRITAIN FOR THE ATTEMPTS WE MAKE TO BRAKE SPIRALING
CONVENTIONAL ARMS TRANSFERS;

B. BASIC FEATURES OF UK POLICY--

WHEN IT COMES TO ARMS SALES, THE BRITISH ARE
PRAGMATISTS, FOR ECONOMIC REASONS. HENCE, IT HAS BEEN
THE
POLICY OF SUCCESSIVE BRITISH GOVERNMENTS TO PROMOTE
REPEAT PROMOTE ARMS SALES--ALBEIT WITHIN A FRAMEWORK
OF CAREFULLY BALANCED POLITICAL, FOREIGN POLICY,
FINANCIAL AND ECONOMIC CONSIDERATIONS AND GUIDELINES.
HMG SEES ITS POLICY OF ACTIVE PROMOTION OF ARMS SALES
AS CONTRIBUTING TO NOT ONLY BRITIAN'S BALANCE-OF-PAY-
MENTS, BUT ALSO TO MAINTAINING A HEALTHY
DEFENSE INDUSTRY IN THE UK WITH ALL THE CONSEQUENTIAL
BENEFITS THIS HAS FOR THE UK'S ARMED FORCES, FOR NATO

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DEFENSE EFFORTS, FOR UK INDUSTRY AND EMPLOYMENT AND FOR
THE MAINTENANCE OF A DIVERSIFIED, TECHNOLOGICALLY
ADVANCED DEFENSE INDUSTRY. (AT PRESENT, BRITAIN'S
DEFENSE-INDUSTRIAL COMPLEX COMPRISES ABOUT ONE PERCENT
OF THE TOTAL LABOR FORCE OR ABOUT 300,000 PEOPLE AND
ACCOUNTS FOR NEARLY 3.5 PERCENT OF TOTAL EXPORTS.)
GIVEN THE PRESENT HIGH LEVEL OF UNEMPLOYMENT AND THE
WORLDWIDE RECESSIONARY CYCLE, IT SEEMS UNLIKELY TO US
THAT HMG WOULD BE DISPOSED TO TAKE ACTIONS IN THE
SHORT TERM AT LEAST WHICH WOULD RESTRICT THE POTENTIAL
FOR UK EXPORT EXPANSION OR INCREASED UNEMPLOYMENT.

IN THIS CONTEXT, OFFICIALS STRESS THE IMPORTANT
CONTRIBUTION TO OVERALL ALLIANCE SECURITY MADE BY A
VIALE UK DEFENSE-INDUSTRIAL CAPACITY. -
THIS MEANS AN INDUSTRY THAT INCREASE

BRITISH SALES TO NATO COUNTRIES

AND OTHERS TO ACHIEVE ECONOMIES OF
SCALE. THUS OFFICIALS RECOGNIZE THAT AS OUR NEW POLICY
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OF RESTRAINT IN SALES TO NON-NATO NATIONS TAKES HOLD,
SO THE IMPORTANCE OF THE NATO MARKET INCREASED TO BOTH
REPEAT BOTH US AND EUROPEAN DEFENSE STUDIES. THIS IN
TURN WILL HEIGHTEN COMPETITION AND WITH THE "TWO-WAY

STREET" BALANCE CURRENTLY STRONGLY IN THE US FAVOR, WHITEHALL CONCLUDES IT WILL TAKE CONSIDERABLE US RESTRAINT TO KEEP A FAIR BALANCE.

WE BELIEVE, THEREFORE, THAT THE BRITISH WILL GIVE FULL SUPPORT TO A POLICY OF RESTRAINT ONLY WHEN HMG IS CONVINCED THAT RESTRAINT WILL BE ACCEPTED ALSO BY OTHER MAJOR ARMS EXPORTERS. IT WILL BE IMPORTANT, THEREFORE, TO COALESCE MULTILATERAL SUPPORT AND COOPERATION INVOLVING AT A MINIMUM FRANCE, ITALY, FRG AND BELGIUM THE IMPORTANT SUPPLIERS OF ARMS AND DEFENSE EQUIPMENT. ADDITIONALLY, BRITAIN WILL WANT TO SEE AN ACCEPTANCE OF RESTRAINT BY EASTERN BLOC SUPPLIER COUNTRIES, PARTICULARLY THE USSR AND CZECHOSLOVAKIA;

C. POLICY REGARDING RESALE OF ARMS TO THIRD COUNTRIES--

ON THE MATTER OF "END-USE" CONTROL AND OF TRANSFER OF THIRD COUNTRIES, BRITISH LAW, POLICY AND PRACTICE IS CONSIDERABLY LOOSER, MORE FLEXIBLE AND LESS RESTRICTIVE THAN OUR OWN. BRITISH PRACTICE NORMALLY DOES NOT REQUIRE THE USE OF "END-USE" CERTIFICATES. HOWEVER, ON A CASE-BY-CASE BASIS HMG OCCASIONALLY DOES SEEK TO INCLUDE A PROHIBITION IN THE SALES AGREEMENT OF TRANSFER AND/OR RESALE TO THIRD COUNTRIES OF UK EQUIPMENT WITHOUT THE ORIGINAL BUYER FIRST SEEKING HMG'S PRIOR AGREEMENT TO SELL OR TRANSFER ITEMS. IN GENERAL, THE BRITISH BELIEVE THEY GET ENOUGH EFFECTIVE CONTROL OVER END-USE BY RESTRICTING ARMS SALES TO GOVERNMENTS OR THEIR ACCREDITED AGENTS--AND BY SELLING ARMS AT LEVELS WHICH
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HMG CONSIDERS SATISFY ONLY GENUINE MILITARY REQUIREMENTS. THE BRITISH TEND TO BE SOMEWHAT CYNICAL ABOUT THE EFFECTIVENESS OF END-USE RESTRICTIONS, PRAGMATICALLY ACCEPTING THAT THE CALCULATION OF NATIONAL INTEREST BY THE BUYER OF UK ARMS WILL IN THE END DICTATE WHETHER THE BUYER WILL RESPECT OR FLAUNT ANY UK END-US NON-TRANSFER RESTRICTIONS.

D. ARMS TRANSFER DECISION-MAKING MECHANISM--
THE BRITISH RESTRICT THE EXPORT OF ARMS THROUGH CONTROL OVER ISSUANCE OF EXPORT LICENSES. NO ITEMS OF UK DEFENSE EQUIPMENT MAY BE EXPORTED FROM THE UK WITHOUT A LICENSE AND LICENSES ARE CONTROLLED BY STATUTORY INSTRUMENTS, 1970, NO. 1288, CUSTOMS AND EXCISE, THE EXPORT OF GOODS (CONTROL) ORDER. (THIS ORDER LISTS THE ITEMS OF MILITARY EQUIPMENT THE EXPORT OF WHICH REQUIRES A LICENSE.)

2. NORMALLY, THE DEFENSE SALES ORGANIZATION (DSO) INITIATES INTERNAL STAFF WORK INVOLVING UK FOREIGN MILITARY SALES. ALSO, THE DSO IS THE FOCAL POINT IN WHITEHALL FOR IMPLEMENTATION OF DEFENSE SALES POLICY. WITHIN THE PERMANENT UNDER SECRETARY OF STATE'S OFFICE, AN ASSISTANT UNDER SECRETARY (SALES ADMINISTRATION) HAS RESPONSIBILITY IN THE MOD FOR THE POLITICAL,

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STRATEGIC, SECURITY AND FINANCIAL ASPECTS OF SALES OF DEFENSE EQUIPMENT. ADMINISTRATIVELY, THIS RESPONSIBILITY IS HANDLED BY THE HEAD OF DEFENSE SECRETARIAT 13.

3. WHILE THE DSO HAS THE RESPONSIBILITY FOR PROMOTING MILITARY EXPORT SALES, THE INTERNAL POLICY COORDINATION CONCERNING SALES IS CONDUCTED THROUGH AN INTER-DEPARTMENTAL COMMITTEE (ARMS WORKING PARTY) WHICH INCLUDES REPRESENTATIVES OF THE FCO, TREASURY, MOD AND DEPARTMENT OF TRADE. A PARALLEL INTER-MINISTERIAL COMMITTEE, THE STRATEGIC EXPORT CONTROLS WORKING PARTY, DEALS WITH THE COCOM AGREEMENT AND WITH MATTERS INVOLVING EXPORTS TO COMMUNIST BLOC COUNTRIES. IF A PARTICULAR SALE IS DEEMED TO BE POLITICALLY SENSITIVE, MINISTERIAL GUIDANCE IS OBTAINED FROM THE FCO FOR FOREIGN POLICY RAMIFICATIONS. WITHIN THE FCO, THE DEFENSE DEPARTMENT HAS RESPONSIBILITY

FOR STAFFING THE FOREIGN POLICY CONSIDERATIONS AND, OF
COURSE, THE FCO IS REPRESENTED ON ALL INTER-DEPARTMENTAL
COMMITTEES CONCERNED WITH MILITARY EXPORTS. NORMALLY,
SALES MATTERS ARE HANDLED BELOW THE MINISTERIAL LEVEL
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AND MINISTERS DO NOT BECOME INVOLVED UNLESS POLICY
HAS NOT ALREADY BEEN LAID DOWN OR INVOLVED DEPART-
MENTS ARE UNABLE TO AGREE. FROM THE VIEWPOINT OF
ESTABLISHING POLITICAL CRITERIA AND OF DEFINING POLIC-
VARIATIONS FOR ARMS EXPORTS, THE FCO IS THE POLICY
FOCAL POINT WITHIN HMG AND HAS PARTICULAR RESPONSIB-
ILITY FOR GIVING GUIDANCE ON (A) THE COUNTRIES TO
WHICH EQUIPMENT MAY BE SOLD AND (B) WHAT EQUIPMENT
MAY BE SOLD IN LIGHT OF PREVAILING POLITICAL AND
MILITARY CONSIDERATIONS.

4. FOREIGN SECRETARY OWEN STRONGLY CRITICIZED MARCH 1
CURRENT TRENDS IN THE DEVELOPING COUNTRIES, PARTICULARLY
IN THE MIDDLE EAST AND AFRICA, TO SPEND MORE AND MORE ON
ARMS, THE FIRST RECENT MAJOR PUBLIC STATEMENT BY A UK
OFFICIAL ON THIS SUBJECT OWEN USED THE OCCASION OF THE
GILBERT MURRAY MEMORIAL LECTURE AT THE OXFORD UNION
SOCIETY TO CALL FOR RESTRAINT AND HE URGED THAT THE
UPWARD TREND IN ARMS SPENDING SHOULD BE "REVERSED IF
WE ARE TO SPEED UP WORLD ECONOMIC AND SOCIAL PROGRESS."
OWEN WAS CRITICAL OF UK AND WESTERN ARMS SALES POLICY
NOTING THAT "WE TALK ABOUT RESTRAINING OUR OWN ARMS
SALES, BUT WE HAVE AS YET DEVELOPED NO COHERENT PLAN,
NO AGREEMENT BETWEEN OURSELVES, AND SO WE COMPETE
AGAINST EACH OTHER AND JUSTIFY INDUSTRIAL SALES ON THE
BASIS THAT IF WE DID NOT SELL, OTHER COUNTRIES WOULD
..."

5. WE WILL OBTAIN FULL TEXT AND PASS IT TO DEPARTMENT.

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Message Attributes

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